

## Message Text

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PAGE 01 BERN 00100 101000Z

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

      DOTE-00 INR-07 NSAE-00 RSC-01 FAA-00 /030 W

----- 116840

R 100907Z JAN 75

FM AMEMBASSY BERN

TO SECSTATE WASHDC 65

INFO AMCONSUL ZURICH

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E.O. 11652: N/A

TAGS: EAIR, SZ

SUBJECT: CIVAIR: SWISSAIR TRANSATLANTIC CAPACITY

REF: STATE 003874 AND PREVIOUS

1. EMBASSY APPRECIATES DEPARTMENT'S PROMPT REPLY (REFTEL) RE POSTPONEMENT OF CAPACITY CONSULTATIONS WHICH WAS PASSED TO GULDIMANN JANUARY 9. HE EXPRESSED SATISFACTION WITH TEMPORARY POSTPONEMENT BUT REPEATED THAT SWISS WILLING GO TO WASHINGTON FOR CIVAIR TALKS WHENEVER USG DESIRES. IN ANY EVENT, GULDIMANN SAID HE WOULD LIKE VISIT U.S. THIS SUMMER FOR FALL AND, IF MORE FORMAL CONSULTATIONS HAVE NOT ALREADY TAKEN PLACE, HE WOULD LIKE HAVE INFORMAL DISCUSSION VARIOUS TOPICS WITH U.S. CIVAIR OFFICIALS AT THAT TIME. HE NOTED THAT BY THEN BOTH SIDES WOULD HAVE SOME EXPERIENCE WITH SUMMER PATTERN.

2. GULDIMANN RECALLED INTEREST OF SWISS PRESS AND PARLIAMENT IN POTENTIAL U.S.- SWITZERLAND CONFLICT OVER CAPACITY AND POSSIBILITY OF INTERTWINING MATTER WITH OTHER PENDING ISSUES. HE WAS THUS GREATLY RELIEVED THAT TWA AND SWISSAIR WERE ABLE ARRIVE AT CAPACITY AGREEMENT FOR SUMMER PERIOD. HE EXPRESSED FEAR, HOWEVER, THAT MERELY INCREASING TWA CAPACITY MAY NOT BE SUFFICIENT TO IMPROVE MARKET SHARE IF TWA DOES NOT MAKE SOME ADDITIONAL MARKETING

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PAGE 02 BERN 00100 101000Z

EFFORT IN SWITZERLAND. HE SAID BOTH AIR OFFICE AND

SWISSAIR WANT TWA TO IMPROVE ITS MARKET POSITION AND THEY PREPARED TO MAKE EVERY REASONABLE EFFORT TO HELP. HOWEVER, REALISTICALLY HE DOUBTED WHETHER SHORT TIME REMAINING BEFORE SUMMER SEASON, GENERAL RECESSION TENDENCIES IN U.S. AND EUROPE, AND UNFAVORABLE EXCHANGE RATE FOR U.S. TRAVEL TO SWITZERLAND WILL ALLOW FOR MAJOR IMPROVEMENT IN TWA'S MARKET SHARE IN SHORT-RUN.

3. EMBOFFS MENTIONED THAT THEY UNDERSTOOD THAT ONE POSSIBILITY IN PROPOSED PAN AM/TWA ROUTE SWAP MIGHT INVOLVE TWA SERVICE TO VIENNA THROUGH ZURICH. GULDIMANN SAID HE WOULD HAVE NO PROBLEM WITH THIS AND REPEATED HIS DESIRE THAT TWA POSITION IN SWITZERLAND SHOULD BE STRENGTHENED.

4. GULDIMANN NOTED THAT SWISSAIR NOW TRYING TO FIND ALTERNATE USE FOR SPARE 747 CAPACITY CREATED BY AGREEMENT. ONE POSSIBILITY RESULTS FROM RECENT AGREEMENT WITH CANADA ON TORONTO RIGHTS. GULDIMANN SAID THAT SWISSAIR HAS AGREED WITH AIR OFFICE THAT LEVEL OF CHARTER SERVICE TO U.S. SHOULD BE SAME AS 1974 SUMMER AND RECOGNIZES THAT SIGNIFICANT INCREASE WOULD BE CONTRARY SPIRIT OF CAPACITY ARRANGEMENT.  
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